International Relations of the Asia-Pacific Volume 8 (2008) 1–29
doi:10.1093/irap/lcm023 Advance Access published on 8 October 2007

How North Korea threatens China's interests: understanding Chinese 'duplicity' on the North Korean nuclear issue

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Speaking of the Democratic People's Republic of Korea's (DPRK) test of a nuclear device on 9 October 2006, official statements from the government of one of the permanent five members of the United Nations Security Council (UNSC) claimed that 'the DPRK ignored [the] universal opposition of the international community and flagrantly conducted the nuclear test' and that this government 'is resolutely opposed to it'. Moreover, in 2005, an expert on North Korea working in the defense sector of the same UNSC permanent-five member told the author that he thought the Kim Jong-Il regime was 'scary' and 'despotic' and that Kim maintains his rule by 'brainwashing' his people. It would certainly not be surprising to hear such words about North Korea from a member of the Bush Administration, or perhaps from a Brit. Yet, strange though it might seem to some, the views expressed about North Korea's nuclear test above came from official Chinese statements (*People's Daily*, October 2006), and the defense expert was one of China's most senior North Korean watchers, one with many years of experience in both Koreas.[1]

1 Interview conducted in Beijing, 2005. As a part of this study the author conducted a series of interviews in Beijing and Shanghai, China, in 2004 and 2005 with some of China's 'North Korea watchers'. The names of some have been made available in the text, but other names have not, in accordance with the wishes of the interviewees. The interviewees represent China's best universities, the Chinese Foreign Ministry, the Chinese Communist Party, and think tanks within China's defense and intelligence communities. The author is confident that the views about North Korea

These sorts of statements express a different Chinese attitude toward North Korea than the language used by former People's Liberation Army Marshall Zhu De, who once said relations between the People's Republic of China (PRC) and the DPRK, a.k.a. North Korea, were as close as 'lips and teeth', referring to China–DPRK relations during the Korean War era. In the last few years, however, a subtle but quite remarkable transformation has taken place in the relations between the two countries, a transformation that has made China an important partner in American/international efforts to roll back North Korea's weapons acquisitions programs. Yet, a study of China's recent policy behavior vis-à-vis the North Korean nuclear crisis in the last five years reveals what might seem to be a measure of duplicity. For, on the one hand, as China joined the other members of the Security Council in passing a resolution condemning North Korea's 4 July 2006 missiles tests, and joined Security Council members again on 14 October 2006 in condemning North Korea's 9 October nuclear tests; on the other hand, China provided the DPRK with more than 500,000 tons of cross-border food aid in 2005 – a huge increase over the previous year's, according to the World Food Programme (Dickie and Fifield, 2006), and China accounted for some US$1.5 billion in bilateral trade with North Korea in 2005 (Pan, 2006), making China–North Korea's number one source of both aid and trade. This study seeks to answer the following question: what explains the seeming paradox posed by China's pronounced discontent with North Korea's desire to acquire nuclear weapons and long-range missiles, and yet its continuing willingness to serve as North Korea's foremost source of aid and trade? Are the Chinese trying to bring North Korea to heel, or are they trying to prop North Korea up? This study reveals that Chinese policy is *both* to bring North Korea to heel and to prop up North Korea's struggling economy, and, odd though it might seem, that this behavior is not at all duplicitous or contradictory, but is based on a careful calculation of China's national interests. While the Chinese government takes some pain to express affection and solidarity with North Korea, and as it is certainly true, as one Chinese military expert on North Korea put it, that 'the traditional friendship between China and North Korea is not empty talk',[2] China's relations with North Korea have been tense in recent years, and have resulted in a two-pronged approach to North Korea. First, the Chinese have been working hard to dissuade North Korea from advancing its long-range missile and nuclear weapons programs because they have great potential to threaten some of China's most fundamental interests – namely,

expressed by these experts are representative of those that Chinese policy makers encounter when seeking advice from China's foremost experts on North Korea because most of the interviewees were among the persons the government actually consults when seeking North Korea policy advice.

2 Interview with a North Korea watcher in China's defense sector, Beijing (2005).

regional stability, and possibly even China's economic modernization program, if worse came to worst. Second, China continues to support North Korea economically, and at times diplomatically, because a complete collapse of North Korea is not in its interest either. Both potentialities would create enormous problems for China. Although some of the rhetoric of 'lips and teeth' and friendship forged in blood is still tossed about, the Chinese have come to see North Korea as less of a younger brother and an ally in the world socialist revolution than an irritant and a potential catalyst for a series of events that could threaten China's most fundamental economic and security interests. In fact, many Chinese experts have come to see North Korea's quest for nuclear weapons as China's gravest near-term security threat. Moreover, many Chinese experts, such as Tsinghua University's Yan Xuetong (one of China's best known foreign policy experts, one known for being a hawk regarding the United States), argue that it is North Korea's pursuit of nuclear weapons that has provoked the most recent North Korean nuclear crisis, not the United States (Yan, 2004).[3]

1 The souring of China–North Korea relations

What precipitated the souring in the relationship between China and the Democratic People's Republic of Korea (DPRK) in recent years? Most fundamentally, the keys have been China's changing interests, changes in the region, the deterioration of the ties that used to bind China and North Korea together, and what Chinese policy-makers have viewed as North Korea's increasingly provocative foreign policy behavior. Each of these laid the foundations for a souring Sino–North Korean relationship, and each will be considered below, followed by a number of the more striking examples of the downward spiral in the Sino–North Korean relationship in recent years.

1.1 China's changing interests and changes in the region

China has undergone a metamorphosis in recent decades in its understanding of its interests and its place in the world, moving from Maoist radicalism to Dengist hyper-pragmatism, stressing the national interest above all in its foreign relations (Yan, 1997). Today the number one goal of Chinese policy-makers is building and developing a strong economy and thereby modernizing and strengthening China. Chinese leaders concluded in the late 1970s that this was the way China could attain both a higher level of development for its people and greater security in the long run. Consequently, China has a concomitant interest in terms of its foreign policy, regional stability, and North

3 Ren (2005) and Yu (2005) concur.

Korea has the power to disrupt China's plans for economic growth and regional stability in a number of ways, to be addressed below.

A number of regional changes have brought changes to and in some cases pressure on the Sino–North Korean relationship as well. The end of the Cold War and the demise of the Soviet Union removed an important source of potential support for the North Korean regime. China had to take up the slack, adding pressure to the relationship.[4] The end of the Cold War also coincided with new developmental dynamics in China and South Korea and greater post-Cold War economic integration between China, South Korea, Japan, and the United States. All of this has left North Korea feeling yet more isolated, and more dependent on and demanding of China.

1.2 A deterioration of the ties that bound China and North Korea together

China's relations with North Korea are today much more complicated than they were in the years of 'lips and teeth'. Then the two countries shared not only a common border, a long symbiotic historical relationship, a Confucian heritage, and a history of Japanese occupation, but also a communist/Marxist-Leninist ideology, 'divided state syndrome', a history fighting US and UN forces in the Korean War, pariah status in the international community, and refusal of diplomatic recognition by all but a few nations. Today the Cold War is gone, the Korean War a distant memory, and the two no longer share co-pariah international status, ideological affinity nor common interests vis-à-vis South Korea.

One of the most important sources of change in China–North Korea relations is their loss of ideological affinity, and this is fundamental to their differing interests today. Both countries have long since departed from orthodox Marxist Leninism, but while China has moved forward past it, most Chinese and Western observers agree that North Korea has moved backward toward feudalism, becoming a 'post-modern dictator[ship]' (Cumings, 2004) with 'dynastic succession'.[5] Indicative of the demise of DPRK/People's Republic of China (PRC) ideological affinity is the functional demise of the governing role of the Korean Worker's Party and the rise of 'the North Korean Trinity' of Father, Son, and Holy Notion (*Juche*). Oh and Hassig (2000) and others argue that the DPRK formally became a military dictatorship in 1998 when Kim Jong-Il was re-elected the chair of the National Defense Commission and began to rule the country from that position, which was then (and is now) called 'the highest post of the state' (Oh and Hassig, 2000, pp. 106–117). This is a departure from past practice, wherein Kim

4 See C. Lee (2001), p. 89, etc.

5 Discussion with Chinese DPRK expert (2004).

Il-Sung ruled from the position of General Secretary (and President) of the Korean Workers' Party (KWP). However, whereas in other communist states leaders ruled through the Party and bodies like the Politburo, the KWP's Politburo Presidium has only one member (Kim Jong-Il), the KWP has not held a Party Congress since 1980, and Kim Jong-Il chooses to rule through the National Defense Commission. Because of these changes, this author and others in the United States and China[6] conclude that North Korea is no longer communist, but is a totalitarian dynastic one-man military dictatorship.

Also gone are China's and North Korea's former unifying antipathy toward South Korea, for China's interests have shifted. Though it is true that there are tensions between China and South Korea over the historical legacy of 'Koguryo'[7] (Brook, 2004; Goma, 2006), most Chinese dealing with the Koreans find that the South is much easier to deal with than the North (You, 2001, pp. 389–390), and South Korea today is one of China's most important trading partners. Between 1992 and 1997, trade between South Korea and China quadrupled, to US$23.7 billion per year in 1997. In the same year, China's trade with North Korea had shrunk to only US$656.3 million (Korea Trade, 1998). China became South Korea's top trading partner in 2004, and bilateral trade passed US$100 billion in 2005 (Chung, 2007, p. 94). In 2005 China was South Korea's number one export market, accounting for 19.6% of all exports, and Chinese goods accounted for 13% of all of South Korea's imports (US Department of State, 2006). In comparison to trade with South Korea, Zha Daojiong says 'China's focus in its economic diplomacy is to promote trade and investment with its top fifteen trading partners, and North Korea is off the map'.[8] According to David Shambaugh 'This [PRC-ROK] relationship has become extremely important to Beijing as well as to Seoul, and the PRC is not about to sacrifice it to placate Pyongyang in any way' (2003, p. 49).

Given the huge volume of trade between China and South Korea, and the great potential for trade between a reformed North Korea and China, leaders from China's northeastern provinces have been urging Beijing to pressure North Korea for reform, making North Korean policy a domestic political issue in Beijing as well (Kim, 2006). Presently, North Korea is a black hole for China. While China has billions of dollars in trade yearly with South Korea, China's interactions with North Korea are a net loss on the accountant's ledger. Given China's 870 mile long border with the North, many in China

6 One of China's senior North Korea watchers concurred (2004).

7 'Koguryo' was a large kingdom that straddled the China-Korean border, 37 BC – 668 AD. Chinese and Koreans (North and South) each claim Koguryo as their own, though Korea historian Ned Shultz says, 'Koguryo was neither Chinese nor Korean, but Koguryo' (discussion at East-West Center, Honolulu, May 24, 2004).

8 Discussion with Zha, Beijing (2004).

see there is much money to be made in trade with a reformed North Korea, and that Kim Jong-Il is the primary obstacle to boosting their own region's economy with such trade. One Chinese North Korean expert said politicians and business persons in Northeast China 'hate' North Korea and its policies for this reason, and consequently, they are pressuring Beijing to pressure Pyongyang to open up and reform as China has done.[9] With China's present level of openness and development, it is more difficult for Beijing to ignore such pleas than in the past.

1.3 North Korea's increasingly provocative behavior under Kim Jong-Il and the downward slide in the bilateral relationship

As a 'responsible stakeholder' in the international system, China has become increasingly weary of North Korean provocations under Kim Jong-Il. As China has reformed, the Chinese have come to embrace a clear disdain for a number of the practices of the North Korean regime, from dynastic succession and the functional decline of the KWP as discussed earlier, to Kim Jong-Il's particular penchant for terrorism, illegal drug trade, the production and trade of counterfeit US and Chinese currency, and the practice of extortion, discussed later. All have played a part in the downward slide in the bilateral relationship.

The start of the decline in PRC–DPRK amity coincided quite closely with the rise of Kim Jong-Il in the late 1980s and the early 1990s and was sealed with the passing of Kim Il-Sung in 1994. In fact, contact between Beijing and Pyongyang broke down almost completely between 1994 and 1999 (Kim and Lee, 2002, p. 122). There are a number of poignant examples of the tension and deteriorating relations between China and the DPRK that came with the rise of Kim Jong-Il.

The first concerns the Dear Leader's interest in terrorism early in his rise to power. One example is the 1983 DPRK downing of a Seoul-based Korea Airlines passenger plane with a bomb smuggled onboard by a female North Korean agent posing as a Japanese tourist who then deplaned before the bomb exploded. The agent was captured soon after the bombing and confessed her guilt. Also in 1983, North Korean agents detonated a bomb in the ceiling of a room in Rangoon where a high-level diplomatic meeting was to take place, killing most of South Korea's cabinet and narrowly missing South Korea's president, who was late for the meeting. Two North Korean Army officers were captured and tried by the Burmese government. Both events were linked directly to Kim Jong-Il and condemned by the Chinese.

9 Interview, China (2004).

Kim Jong-Il revealed his willingness to affront his giant neighbor more directly in 1990–91, when China, in line with its more pragmatic reform-era foreign policy, established relations with South Korea and voted to have it admitted to the UN. Pyongyang responded by establishing contact with Taiwan and made a deal whereby Pyongyang would be paid to take waste from Taiwan's nuclear power program (Kim, 1997, p. 118). The deal was eventually abandoned under Chinese and international pressure.

Beijing was even more displeased with the new Kim regime when its saber-rattling and threats to withdraw from the Nuclear Non-Proliferation Treaty brought about the first North Korean nuclear crisis in 1994, a crisis more serious than many realized at the time. Beijing cut off its supply of food exports to North Korea for a time to show its displeasure with the new Kim regime. Perhaps, because in part Beijing's relations with the new Kim regime were so poor, and in part because Beijing was also displeased with the new Clinton Administration in Washington, Chinese leaders did very little to help Washington and Pyongyang find an accommodation at this time, though Washington and Pyongyang did reach an agreement later that year.

In 1996, Beijing discovered that Kim Jong-Il was even willing to practice extortion in his relations with China. Originally disclosed in Hong Kong's *Hsin Pao*, the exchange began when North Korea asked Beijing for 200,000 tons of grain. China stated that this was too much and offered only 20,000 tons of grain. Kim Jong-Il reportedly went into a rage, threatened to play his 'Taipei card', and made six additional demands including Chinese weapons and mutual state visits by the two countries' heads of the state. Beijing responded by saying, it would only be able to send the secretary general of the State Council to Pyongyang because China's top leaders were too busy. Regarding the aid, Beijing responded, 'we shall try our best, but we are still unable to meet the DPRK's demands'. China later gave North Korea US$59 million (480 million yuan) in material aid and US$20 million in interest-free loans (Jen, 1996; Kim, 2001, pp. 386–387).

The year 1997 brought two more sources of bilateral tension. When Chinese agricultural experts in the UN Development Program in Pyongyang publicly encouraged North Korea to adopt Chinese style reforms to solve its economic problems, Pyongyang criticized them and called Deng Xiaoping a traitor to socialism. Beijing responded angrily, saying that it was considering cutting off food aid to North Korea. Pyongyang countered by opening discussions with Taiwan regarding direct flights between Taipei and Pyongyang. Taiwan is reported to have promised 500 million tons of food aid to North Korea to seal the deal, but it was scuttled after China backed away from its threats to cut off food aid (International Crisis Group, 2006, p. 16).

Also in 1997, top North Korean leader and former Party Secretary Hwang Jang-Yop defected to the South Korean Embassy in Beijing. After Beijing's

initial refusal to let Hwang leave China, it eventually stood quietly by as he was spirited away to the Philippines and then on to Seoul, where he has provided a treasure-trove of information to South Korean and American authorities. Hwang's defection and Beijing's refusal to intervene in the end brought about huge protests from Pyongyang and a closure of the North Korean border with China for a time.

After a slight improvement in China–North Korea relations in the late 1990s and the early 2000s with the demise of the USSR and US actions in Kosovo, Afghanistan, and Iraq, Sino–DPRK relations turned for the worse again in the late 2002 and the early 2003, however, starting with North Korea's admission to US diplomat James Kelly in October 2002 that it was indeed pursuing a uranium enrichment program (Kelly, 2004; Cha and Kang, 2003, pp. 130–132). In a policy paper presented to the Politburo after Pyongyang's disclosures, China's Vice Foreign Minister Wang Yi is reported to have expressed very stern words about North Korea, calling North Korea's moves 'diplomatic adventurism' (Forney, 2002). According to a participant at a regular meeting of top-level Chinese Foreign Ministry department heads in November 2002, Chinese officials spoke freely about 'cutting energy food aid, and even opening the border to let more refugees in', and later, China signaled that Kim Jong-Il was not welcome in China for the time being (Forney, 2002).

Another provocation to China was Kim's proposed free trade area in North Korea's Sinuiju, on China's border at Dandong, where the bulk of Sino–North Korean trade takes place. Kim's proposal to make Sinuiju a gambling city using US dollars and catering primarily to wealthy Chinese, and his choice of Yang Bin to oversee the project, left Beijing feeling quite discomfited.[10] Yang was one of the China's richest men but also a man wanted by Chinese authorities on charges of tax evasion and other crimes. Much to Kim Jong-Il's disappointment, Yang was sent to jail in October 2002, and the Sinuiju project was put on ice.

In 2003, two other interesting developments occurred that suggested the souring of Sino–DPRK relations. In February, after North Korea had told Americans it had nuclear weapons, China shut down the oil pipeline between China and North Korea for three days, a move which many observers in China and the United States interpreted as a strong message to North Korea. China provides the bulk of North Korea's oil and given North Korea's dire economic straits and its massive energy shortages, any interruption in its oil supplies could be devastating. Then, in September 2003, China is reported to have deployed some 150,000 People's Liberation Army troops to the China–North Korea border. As Chinese officials have admitted that the PLA has taken over for regular border guards there, it has denied any deeper

10 Discussions with Chinese North Korea watchers, Beijing and Shanghai (2004).

implications, saying the deployment was 'a normal adjustment', but according to David Shambaugh, 'the Chinese traditionally move troops to the borders to send signals to others . . . this looks like a signal to North Korea. . .'(Pan, 2003).

The year 2004 brought another sign of Sino–North Korean tension. On 21 February, Japan's *Asahi Shimbun* reported that China, acting on a request from the US Central Intelligence Agency, prevented a train passing through China to proceed to North Korea. The train was carrying a shipment of tributyl phosphate, a chemical used to extract weapons-grade plutonium from spent nuclear fuel rods, a sensitive matter given North Korea's 2002 removal of 8,000 spent fuel rods from international surveillance, and previous suspicions of its trying to reprocess the rods for weapons-grade plutonium (Agence France Presse, 2004).

While 2004 saw an increase of high-level exchanges, including a visit to China by Kim Jong-Il, and a slight improvement of China–North Korean relations, bilateral tensions deepened again when the North Koreans announced to the world on 10 February 2005 that they possessed nuclear weapons and did not intend to continue participation in the Six Party Talks (discussed later) or in any other regional forum with the United States. In covering North Korea's announcement, the Chinese news media was unusually unsympathetic toward North Korea, broadcasting international statements of condemnation of North Korea and calls for it to return to the Six Party Talks. According to North Korean-watcher Shi Yinhong, 'The Chinese government is really angry in their hearts about the declaration of North Korea, so they take a permissive attitude toward the media' [allowing greater criticism of North Korea] (Bradsher and Brook, 2005). The author heard comparable statements in his March 2005 visit to Beijing. At that time, an interlocutor with good connections to the Chinese side of the DPRK–PRC relations nexus told the author that the Chinese government had made a decision not to give any further financial aid in the form of cash payments to the DPRK because of Chinese frustrations with the North and the lack of accountability in how the aid was spent. Rather, China would limit support to grain, oil, and other kinds of aid.[11]

North Korean counterfeiting has also caused strains in the Sino–North Korean relationship. In 2005, the US Treasury Department designated Macau China's Banco Delta Asia (BDA) as a 'Primary Money Laundering Concern' under the Patriot Act (US Treasury Department, 2005), followed by a US-ordered freezing of North Korean assets there valued at approximately US$25 million. Beijing cooperated with the United States in freezing North Korean assets at BDA, which the United States accused of helping North Korea launder counterfeit US$100 bills, as well as linking North Koreans to

11 Interview, Beijing (2005).

illegal weapons shipments, drug production, and sales (Kahn, 2005). Interestingly, US 'sanctions' on North Korea in this case were 'actually just a US warning followed by a Chinese regulatory action', indicating full Chinese cooperation with the United States (Snyder, 2006). In July 2006, China continued to work with the United States to check illicit North Korean behavior by freezing North Korean assets at the Macau branch of China's own Bank of China because of charges of North Korean counterfeiting of not only US$100 bills, but Chinese currency as well (Kirk, 2006).

1.4 North Korea's weapons tests

North Korea has given China its greatest trouble, however, with its weapons tests and weapons acquisition programs. In August 1998, North Korea launched a long-range missile in a test over Japanese airspace, causing an uproar in Japan and the region. Consequently, Japan announced it would join the United States in research on a regional missile defense system, and the missile launch has helped the Japanese right in their argument for 'normalizing' Japanese defense policy. These events concern China to no small degree. In June 2006, international observers noticed that the readying of several more North Korean missiles for launch and Chinese officials warned North Korea publicly not to launch them (Ang, 2006). North Korea ignored Beijing's warnings, however, and on 4 July (US time) test-launched seven missiles over the Sea of Japan. In a 7 July *People's Daily* article, the Chinese authorities printed a series of world reactions to the North Korean tests, all condemnatory in nature; again not previously the norm in Beijing's handling of information on North Korea. Truly unusual was what followed several days later in the New York. Along with the other fourteen members of the UNSC, China voted for UNSC Resolution 1695, expressing 'grave concern' about North Korean actions and the need for restraint so as to avoid further tension, reminding North Korea of its obligation to avoid proliferation of Weapons of Mass Destruction, and 'deploring' North Korea's pursuit of nuclear weapons. It should be noted again that China chose not to exercise its veto or abstain, but rather *voted for* this resolution, an uncommon move for China.

Finally, in October 2006, North Korea tested the mettle of the United States and its neighbors in a truly profound way, announcing that it had successfully tested a nuclear weapon, and in the process putting China in one of the most difficult spots it has been in to date as it regards the North Korean crisis. China's response to North Korea's test is significant. In the run-up to the actual test, Beijing's ambassador to the UN, Wang Guangya, said, 'No one is going to protect' the DPRK if it commences with 'bad behavior ... I think if North Koreans do have the nuclear test, I think that they have to realize that they will face serious consequences' (Associated Press, 2006).

Interestingly, a number of sources reported a cutoff of Chinese oil supplies to North Korea in September 2006, prior to the test (Kahn, 2006). Discussing the Chinese cutoff of oil to North Korea in September, He Jun, an energy expert and consultant-based in Beijing, observed, 'It is a sharp and sudden reduction at a sensitive time, so political considerations cannot be ruled out . . . China could be sending a clear signal' (Kahn, 2006). Perhaps even more interesting is the report that all of China's oil exports in September 2006 (125,185 tons of crude) were exported to the United States (Kahn, 2006), an important message to Pyongyang suggesting which side Beijing was on in this particular instance![12]

When the nuclear test came on 9 October, China's response was swift. It condemned the test in no uncertain terms. 'The DPRK ignored [the] universal opposition of the international community and flagrantly conducted the nuclear test on 9 October. The Chinese government is resolutely opposed to it' (People's Daily, 9 October 2006). The word 'flagrantly' here is '*hanran*' in Chinese, and is normally reserved in its use in the official Chinese lexicon for China's enemies or rivals, historical examples being when the Japanese prime minister visited the Yasukuni Shrine, or the when the United States bombed the Chinese Embassy in Belgrade (Kahn, 2006). Zhang Liangui, a North Korean watcher at China's Central Party School, said, 'China has tried to persuade North Korea that talking with the outside world is in its interest . . . Now China will have to demonstrate that there is a price to pay for ignoring that advice'. He said North Korea's decision to test its nuclear device, in spite of Chinese admonitions not to, amounts to a slap in the face for the Chinese (Kahn, 2006). The Dear Leader's decision to go ahead with the nuclear test, despite China's clear and emphatic admonitions not to, took the Sino–DPRK relationship to a new low.

On 14 October, China displayed its displeasure by standing with the other members of the UNSC in passing a resolution to denounce North Korea's nuclear test, China's ambassador to the UN, even calling for 'punitive actions' against the DPRK (Savage, 2006). The Security Council sanctions included bans on the sale to or export from North Korea of military goods and nuclear or missile-related items, a ban on the sale to North Korea of luxury goods (intended to squeeze the DPRK leadership), a financial freeze and travel ban on anyone related to North Korea's missile or nuclear programs, and inspections of cargo coming from or going to North Korea. After the nuclear test, China was reported to have been searching trucks crossing the DPRK–China borders, but China has not been keen on searching ships at sea, for fear that such searches could provoke armed conflicts with North Korea. Still, one

12 Again in February and March 2007, China cut off North Korea's oil supplies, restoring them in April (Kyodo, 2007).

report says, Beijing is seriously considering adopting the US' Proliferation Security Initiative, and has been quietly cooperating on interdiction issues involving North Korea (including those at sea) (Lee, 2006).[13] In addition, China is reported to have instructed its four largest banks to halt all financial transactions with North Korea after the nuclear test. 'All transactions are blocked, whether it is company-to-company or person-to-person', said a Bank of China employee in Dandong, China, on North Korea's border, at the time (Fairclough and King, 2006). Though China did work to make sure the resolution required that any military response to events in North Korea would require further discussion and votes at the Security Council, and that inspections of North Korean cargo ships/vehicles were voluntary and not required, its seriousness about its opposition to the DPRK's moves cannot be doubted.

This section of the paper has documented the reasons for the slide in China–North Korea relations, and evidence of the depth of that slide. There can be little doubt that as the elder northeast Asian socialist brother has made good for himself, the younger has become somewhat of a black sheep. Even as China has joined almost all of the international governmental organizations, including the International Monetary Fund and the World Trade Organization, and is now a yet imperfect but well-respected citizen in world affairs, North Korea has remained for the most part in Juche autarky mode and has moved forward with nuclear weapons and missile programs, despite warnings from the international community not to. While China has entered the global mainstream, North Korea has drifted downstream.

2 How North Korea threatens China's interests

Quite simply put, North Korea has become 'a liability'[14] to China, and there are several things North Korea does and several situations it can provoke that threaten some of China's most fundamental interests. Two stand out as being the biggest problems for China, however – North Korea's weapons acquisition programs and the possible collapse of North Korea because of a lack of reform (and/or external pressure). It is also these two issues that explain China's seemingly duplicitous policy toward North Korea – holding Kim Jong-Il to account for his rogue weapons programs while propping up North Korea's economy.

2.1 North Korea's weapons programs

The primary way North Korea threatens China today is by its moves to acquire nuclear weapons and longer range ballistic missile systems, the former

13 See also Snyder and Wit (2007).

14 A Chinese North Korea watcher, interview, China (2004).

in particular. The majority of China's North Korean experts agree with the expert who said that 'it is unacceptable'[15] for North Korea to acquire nuclear weapons (Shi, 2004; Yan, 2004; Chou, 2005; Ren, 2005; Wu, 2005; Yu, 2005; Wang, 2006, etc.). The Chinese government has been clear on this point as well (Peoples Daily, October, 2006).[16] The specific ways North Korea's weapons programs threaten China will be elaborated upon below.

First, North Korean long-range ballistic missile and nuclear programs elicit in Chinese policy-makers a fear that a North Korean acquisition of nuclear weapons or continued testing of long-range ballistic missiles could provoke a military intervention from the United States and/or other powers in its backyard. China's concerns have been that were North Korea to successfully acquire and test nuclear weapons, for example, the United States, Japan, and others would condemn North Korea and might move to forcefully disarm North Korea, perhaps including strikes on the Yongbyon facility. Though Japanese officials discussed such strikes in October 2006 (Hughes, 2007), the Japan, the United States, and others have exhibited restraint after the 2006 tests and the early 2007 round of Six Party Talks seems to have been successful. However, if things deteriorated, North Korea were to test again, and the United States or Japan were to launch pre-emptive strikes against North Korean facilities, North Korea might respond with an artillery barrage of Seoul, leading to a general outbreak of hostilities on the Korean Peninsula. However unlikely such a scenario might appear at present, the possibilities remain real for China. The Chinese do not want a war in their backyard, particularly one that could bring US troops again to China's border with Korea. Nor does China want to see international sanctions against North Korea (for a number of reasons to follow). 'Beijing recognizes that the real potential for conflict lies with North Korea, not South Korea or the United States…' (McVadon, 1999).

The second way North Korea's weapons programs pose a threat to China is that they could harm China's relations with the international community, because either international military action or comprehensive sanctions against North Korea could put China in the awkward position of having to choose sides between its old ally and neighbor, or the international community. China has worked hard to revitalize its international image since the Tiananmen incident of 1989, even winning the 2008 summer Olympics and accession to the World Trade Organization. Given continued international questions about China's human rights situation, and more recently, the safety standards of its products and the accountability of its companies and officials, failing to stand with the international community on the North Korean issue

15 A Chinese North Korea specialist, interview, China (2004).
16 See also Jae Ho Chung (2005).

could have very negative political and economic implications for an increasingly interdependent China, particularly as it regards three of its four most important trading partners – the United States, Japan, and South Korea – all parties to the North Korean crisis (US–China Business Council, 2007).

The third way North Korean activities threaten China is that a DPRK acquisition and deployment of nuclear weapons might lead to major realignments in the regional balance of power wherein Japan, South Korea, and even Taiwan might either seek nuclear weapons themselves or at least more actively seek military cooperation with the United States, including participation in its missile defense shield. This was a factor that all of the Chinese North Korean experts consulted for this study mentioned to some degree, and there are several dimensions to it.

For example, many Chinese fear that a nuclear North Korea could elicit greater pressures on the Japanese government for Japan to more fully rearm or become a nuclear power. It is well established that North Korea's launching of the Taepodong missile over Japan in 1998 played an important role in Japan's decision to join the United States in building and deploying a missile shield in the region. Moreover, there are already politicians in Japan (e.g. Shintaro Ishihara, Ichiro Ozawa, and Yasuo Fukuda, among others) who are on record as having said Japan should consider nuclear weapons, and Ozawa has stated that Japan already has enough plutonium to make three to four thousand nuclear weapons (Irvine and Kincaid, 2002). Japan's well-developed nuclear energy program gives it the fissile material it needs to make nuclear weapons (Johnston, 2004), and it certainly has the technology to weaponize the fissile material it possesses. While Japan has not made any official move toward becoming a nuclear power since the North Korean nuclear test, Japanese Foreign Minister Taro Aso and others tried to initiate a debate on the acquisition of nuclear weapons for Japan after the test (Hughes, 2007), which was squelched by Prime Minister Shinzo Abe. Still, Japan continues to use its 'recessed nuclear status', or the possibility of going nuclear, as leverage in its relations with its neighbors according to Christopher Hughes (2007) and others, and North Korea's tests certainly add gravitas to the nuclear debate in Japan.

North Korean acquisition of nuclear weapons could also change South Korean public and official positions on nuclear weapons as well. In the early 1970s, South Korea sought to acquire nuclear weapons (Hughes, 2007, pp. 93–94), but was stopped by US pressure. More recently, in 2004, it was disclosed that South Korean scientists had continued doing research with plutonium and enriched uranium, despite South Korea's official anti-nuclear weapons stance, and in October 2006 opposition Grand National Party former chair Lee Hoe-Chang said South Korea should conduct research into the feasibility of acquiring nuclear weapons to counter North Korea's new

capabilities (Hughes, 2007, p. 95). While staunchly against such moves, South Korean President Roh Moo-Hyun has been suffering in public opinion polls for some time and the North Korean missile and nuclear tests have not helped him (Onishi, 2006). The December 2007 elections might see a more conservative candidate succeed him, and a tougher policy on North Korea. South Koreans have nuclear energy and the resources to become a nuclear power presently should they choose to (Nuclear Threat Initiative, 2007). The Chinese prefer a nuclear-free Korean Peninsula.

China is also extremely concerned with what North Korean and potentially Japanese nuclear weapons acquisitions would do in its relations with Taiwan. In fact, Taiwan had an advanced nuclear weapons program in the 1970s, gave it up under American pressure, appears to have continued to the experiment with plutonium in the 1980s (Global Security, 2007), and according to some sources, could easily restart its nuclear weapons program, using the plutonium-rich fuel rods from its six extant nuclear reactors (Tkacik, 2004). A North Korean nuclear threat could make talk of Taiwan's need for nuclear weapons common in Taipei, particularly if Japan and, perhaps, South Korea acquire them. More likely, perhaps, is the possibility that a nuclear North Korea could start an East Asian arms race that would drive Taiwan closer to the United States, possibly making Taiwan put more pressure on the United States and Japan to let it be a full participant in the missile defense system under development. China presently lacking sufficient amphibious capabilities to successfully invade Taiwan,[17] one relying primarily on a conventional missile-based deterrence system against Taiwan independence at present, any moves by Taiwan to acquire a nuclear deterrent or become a full participant in the Japanese–American missile defense system would be disastrous.

Even if North Korea's further tests and/or deployment of nuclear weapons did not elicit like moves in Japan, South Korea, or Taiwan, they might elicit a conventional arms race in East Asia. They could give all the more impetus for a re-energized American presence in the region, likely reinvigorating alliances between the United States, Japan, South Korea, and possibly Taiwan. They would also likely deepen commitments to research, development, and eventual deployment of military technologies capable of countering North Korean (and potentially Chinese) nuclear missiles. In fact, Japanese Prime Minister Abe was in Seoul at the time of the October 2006 North Korean nuclear test and in discussing the test at the time he said that it was 'unpardonable', and that Japan and the United States would step up their cooperation on the missile defense system they have been working together on since North Korea's 1998

17 This is based on the comments of a senior Chinese military officer in a discussion in Beijing in 2000.

missile test over Japanese waters (BBC, 2006). This is just the sort of thing the Chinese would prefer to avoid.

The fourth way North Korea's weapons programs threaten China is by the uncertainty they bring in China's own relations with its unpredictable neighbor. Few consider it probable that North Korea would threaten China with its nuclear weapons, but Chinese concerns are palpable even as it regards this possibility. According to the official *People's Daily*, [18] 'it is not impossible that China may be confronted with nuclear blackmail [from North Korea] over some issue one day'. Likewise, as a Chinese North Korean watcher told the author for this study (2004), North Korea's acquisition of nuclear weapons would

> . . .cause some problems, not only in relations with the US and the UK, but that is also a threat to China, especially during tense periods between China and North Korea, because China doesn't know what North Korea wants to do when the tension is between them.

The Chinese themselves are not necessarily any more certain of North Korean intentions than their American counterparts. In fact, when George W. Bush asked Chinese President Jiang Zemin at their summit at Bush's Crawford, Texas, ranch in 2002 if he thought Kim Jong-Il was a 'peaceful man', switching into English Jiang replied, 'Honestly, I don't know' (Forney, 2002).

The fifth way North Korean weapons programs are a potential threat to Chinese security is China's fear that a war on the peninsula or a collapse of the hermit kingdom could bring on an onslaught of refugees, known in China as '*tuobeizhe*' ('*tuoli beichaoxian zhe*', or literally, 'persons fleeing North Korea'). This is also one of the primary reasons Beijing has done so much to prop up North Korea in recent years – a collapse could be catastrophic in human terms and in terms of what it could cost Beijing to harbor so many '*tuobeizhe*'. Approximately two million Koreans live in Manchuria (Northeast China) as Chinese citizens, half of them in the Yanbian Autonomous Region of Jilin Province, and most have not assimilated into Chinese society and continue to speak Korean. Some 60,000–100,000 North Korean refugees are in China today as well, though human rights groups put the number as high as 300,000. Some have even made it to Beijing and have forced their way into South Korean, Japanese, or other embassies seeking asylum. The refugees put China in an awkward position, for while North Korea demands their return, China hesitates to do so because of honest concerns about their safety and a desire to avoid the attention of Western governments and human rights organizations. Yet, if Beijing lets them all stay in China, China fears this may encourage thousands more to come, just as many Americans in states bordering

18 January 23, 2003, cited in Oh Hassig (2003, p. 7).

Mexico fear loosening US immigration laws will encourage yet more immigrants to come to the United States. China fears that these refugees could spur Korean nationalism in northeast China in such a way that China might face the sort of problem with Koreans there that the former Yugoslavia faced with Albanians in Kosovo. They could also pose as protagonists in labor movements and other dramas Beijing does not want to play out in northeastern China's rustbelt where unemployment is relatively high. Moreover, North Koreans in northeastern China have also historically had a reputation of participating in the criminal underworld there because of the ambiguous status of many of them in China.[19]

Finally, related to and concomitant with the scenarios above, perhaps hitting closest to home for Chinese leaders is the serious potential that North Korean actions could cause major economic disruption in East Asian and Chinese markets because of war or comprehensive sanctions against the DPRK. China's economy is now heavily dependent on trade, and trade requires stability, particularly when three of China's top four trading partners – the United States, Japan, and South Korea, in that order – would likely be party to the conflict and together accounted for over 34% of China's total trade in 2006 (US–China Business Council, 2007). Add to this the cost of any support China might be obliged to offer North Korea, whether during or in the aftermath of a war, and it becomes clear that a war or serious conflict on the Korean Peninsula, even if China did not support North Korea and/or remained neutral, could have a huge impact on regional trade and on China's economy.

Most serious for China is the link between regional stability and trade, on the one hand, and China's domestic economic growth and political stability on the other. North Korea poses some serious challenges to China in this respect. According to a Chinese observer,

> The North Korean nuclear crisis is a severe challenge to China's efforts to keep the Korean Peninsula nuclear free, for the Korean Peninsula is China's strategic northeast security buffer,[20] and any tension on the Peninsula will wreck the region's peace and stability – no security on the Peninsula means no realization of China's ultimate goal of modernization (Chou, 2005).

War or serious conflict involving North Korea could cause a disruption of trade and investment in the region or a 1997-esque flight of portfolio investment, dollars, yen, and euros from China and the region toward more stable/safer

19 In 1991, residents of northeast China's Harbin told the author about the exploits of North Korean 'gangsters' and 'hit men' in the city.

20 Liu Ming and others argue that the 'DPRK as buffer' concept is not persuasive today, given American capabilities and regional bases. Interview with Liu (2004), and Liu (2003).

environs in the Americas or Europe. All of this could be devastating to Chinese economic development, particularly if it seriously disrupted China's surging exports, 21% of which went to the United States alone in 2006, 9.5% to Japan, and 4.6% to South Korea (US–China Business Council, 2007). This could cause economic slow-downs that could lead to lay-offs, bank collapses, and other problems, which could ultimately shake China's domestic political stability and if prolonged could even threaten the rule of the Chinese Communist Party (CCP) because the CCP's legitimacy today rests primarily on successful economic development.

China's domestic economy is in a very sensitive stage of development.[21] Yu Xintian has said, 'China is in a phase where instability from domestic contradictions is a frequent occurrence' because of 'the transition from a centrally planned to a market economy'. Therefore, 'if it is not handled well, it can bring about social unrest' (Yu, 2005). She notes that many political movements in Chinese history in the last century were set off by events outside of China, so the Chinese government is watching the DPRK situation closely. If the economy is battered and/or stalls for some reason, the CCP will face the wrath of laid off workers, the poor left behind by the reforms, and the 'I told you so's' of neo-Leftists. Such persons are already highly disillusioned by China's economic reforms. Major breakdowns in the economy could bring them out into the streets.

2.2 The danger to China of a North Korean collapse

Besides the dangers North Korea's weapons acquisition programs pose China, North Korea poses another threat to China – the danger that North Korean foot-dragging on reform might cause the hermit kingdom to collapse. Each of the Chinese North Korean experts consulted for this study told the author they thought North Korea needed to reform and most opined that one of China's greatest worries about its neighbor was its lack of reform and the problems this could bring China. They are not alone, for according to the annual *Foreign Policy* Failed States Index, North Korea's economy is second worst in the world and as a candidate for state failure North Korea is presently in 'critical' condition, one of the world's worst states (*Foreign Policy*, 2007). A North Korean collapse would create a myriad of potential problems for Beijing, and this too is important to grasp as it regards explaining recent Chinese policy behavior.

In discussing the dangers posed to Beijing by a collapse in Pyongyang, there is significant overlap with the scenarios discussed above regarding North Korea's weapons programs. A collapse could bring a refugee flow to northeast

21 See Shirk (2007) and Chen and Wu (2006).

China and all this would entail for the Chinese (discussed earlier) if unrest were to break out in the DPRK. Not wishing here to enter into a discussion of post-Kim Jong-Il politics,[22] suffice it to say that a collapse in North Korea could lead to a civil war within the north, and/or a power vacuum such that China might be led to intervene militarily in North Korea to protect its borders,[23] or it could raise the specter of a violent South Korean and/or American takeover of the North. China would prefer not to have to intervene, it does not fancy the notion of North Korea as a northeast Asian version of the pre-2001 Taliban-ruled Afghanistan or China's own Warring States Period, it is not certain how a unified Korea would treat China or which way it would lean (toward China, or toward Japan/United States?) or handle the Koguryo and Paektusan disputes,[24] and China is not keen on seeing US troops on its border. Another possibility in the event of a North Korean regime collapse is a large financial drain on Beijing, as it might have to commit resources to aid, rebuild, and stabilize the new Pyongyang regime or reunified Korea, provide for thousands (millions?) of North Korean refugees in China or Korea, fund a peace-keeping force in the North, and/or spend resources to secure a potentially more chaotic Sino–North Korean border due to a collapse of authority in Pyongyang and/or the stationing there of troops belonging to third parties. For these reasons, the Chinese experts consulted for the present study maintained that while Chinese policy-makers are not great fans of Kim Jong-Il, they would rather see an orderly economic reform and power transition in Pyongyang than a dramatic and potentially cataclysmic change of regimes.

Consequently, Chinese officials have been counseling Kim Jong-Il to embark on cautious political and economic reform for some time, along the lines of the Vietnamese model,[25] and recent studies of the North Korean economy reveal that trade between China and North Korea, and Chinese investment in North Korea, is accelerating at a rapid pace as China tries to shift its relations with the DPRK to a 'for-profit' mode for its own benefit and to spur growth and reform in North Korea. In one excellent study of Chinese investment in North Korea, Jae-Cheol Kim concludes that the Chinese central government has been working hard to encourage Chinese entrepreneurs to invest in North Korea, such that Chinese investment increased ten-fold between 2003 and 2004, and that Chinese investment in North Korea accounted for 85% of all direct foreign investment in North Korea in 2004. Most of it focused on restaurants, stores, manufacturing, and mining (Kim, 2006, pp. 898–899).

22 See Harrison (2002), Martin (2004), Noland (2004), Becker (2005), Choe (2005), etc.
23 The latter scenario came up in discussions with experts in China (2004, 2005).
24 See Goma (2006).
25 Discussions with Chinese experts (2004, 2005).

Liu Ming and others have noted that given North Korea's economic vulnerability, should Beijing withdraw its economic assistance, 'the DPRK would likely collapse' (Liu, 2004, p. 343), or at least become highly unstable. Thus, because Beijing deems North Korea's collapse not in its interest and because North Korea is so heavily dependent upon China, Chinese policy-makers believe that they must continue to prop up the regime, at least in a minimalist sense, until reforms are sufficient to keep the North Korean economy on its own feet. Haggard and Noland note that 'although China has continued reservations about North Korea's economic strategy and nuclear ambitions, it has equally significant concerns about economic pressure that would lead to political upheaval, a second economic collapse, and a flood of refugees' (2007). This explains China's reluctance to pull the rug out from under the Dear Leader, economically. China is not enthusiastically propping up an anachronistic totalitarian despot, but rather is trying to prevent the catastrophic collapse of a near-failed state.

Beijing has a lot to worry about as it regards North Korea. North Korea is playing a game of its own making, with its own rules, and it does not march to the tune China plays, if it ever did. Consequently, Beijing has come to view North Korea through lenses that are quite different than those through which it viewed the DPRK during the Cold War, as North Korea's weapons acquisition programs and its reluctance to reform pose significant dilemmas for China.

3 The six party talks and the new Chinese role

These factors help explain why China went from the sidelines in 1994 during the first North Korean nuclear crisis to the front lines between 2003 and the present in the struggle to bring North Korea to the negotiating table in pursuit of an agreement with the United States and its neighbors regarding its weapons programs. In 1994, China did not take the lead in bringing North Korea to the negotiating table, as it viewed that chiefly as America's responsibility. Americans did eventually bring North Korea to the negotiating table, first with Assistant Secretary of State Robert Gallucci, and later with former President Jimmy Carter, who is credited with the breakthrough which led to the 1994 Agreed Framework.

As it became apparent that the Agreed Framework had broken down and North Korea was proceeding with its weapons programs by the early 2000s, however, China began to take a more active international role in seeking a solution to the North Korean dilemma, moves which culminated in the Six Party Talks, comprising North Korea, South Korea, China, the United States, Japan, and Russia. Because of the growing sensitivity of peace and stability on the Korean Peninsula to China's economic and political interests, 'China very

directly exerted its energy to kick off multilateral talks concerning the North Korean nuclear crisis' (Chou, 2005). In 2003, it began by hosting talks between the United States and the DPRK. It then took the lead in arranging and again hosting the several rounds of Six Party Talks by which these parties have been working to resolve the stand-off since 2003, convening the first round of Six Party Talks in Beijing in August.

The Six Party Talks have been significant in the history of PRC foreign policy, as Zhu (2004) points out. 'Never in the diplomatic history of the PRC has the country been so deeply or extensively involved in a controversial regional issue to which it was not a direct party' (Shirk, 2007).[26] Why the dramatic new foreign policy move for China? The answer can be found above in China's changing interests, characterized by this statement, made by one of the China's senior America watchers as s/he watched Pyongyang and Washington slip toward conflict in 2002–03. 'One of the two might go crazy. This would cause big problems for China. So, China had to do something' (Shirk, 2007, p. 123). And so China did.

While the first round of Six Party Talks in August 2003 failed to achieve much in terms of resolving the nuclear crisis, it did establish the very important precedent for such talks.[27] The Chinese facilitated a second round in February 2004, and a third in June 2004. None brought about any major breakthroughs. After a break in activity, the fourth round of talks was convened in July, August, and September 2005. Following a period of declining optimism about the talks from several of the parties, the fourth round of talks brought about a cautiously optimistic agreement on 19 September 2005, in which North Korea promised to dismantle its nuclear weapons programs in exchange for United States and South Korea assistance with its energy needs, a US assurance that it had no intention of attacking North Korea, United States and Japanese commitments to work toward normalizing relations with North Korea, and South Korean and American declarations that they had no nuclear weapons on the Korean Peninsula. Yet a day after the fourth round concluded, North Korea threw cold water on the prospects for success by stating that unless it was first supplied with a light water reactor to meet its power needs, it would not dismantle its nuclear weapons program. A fifth round of Six Party Talks convened in November, 2005, but reached a further snag and the Talks completely stalled with North Korean unhappiness over US actions against North Korean funds at Macau's Banco Delta Asia (discussed above). While US officials insisted that the financial sanctions were an entirely separate matter from the Six Party Talks, North Korean officials disagreed, and the fifth round of talks stalled throughout most of 2006, a year

26 See also Scobell (2004), p. 11–13.

27 For an overview of the Talks, see Park (2005).

capped by North Korea's testing of a nuclear device on 9 October. A fifth round of Six Party Talks was convened in Beijing in December, but no resolution was reached.

Things brightened in late December when American negotiators sent a message to the North Korean Embassy in Beijing, asking if the North Koreans would like a quiet bilateral meeting outside of Beijing. The North Koreans agreed and United States and North Korean envoys met in Berlin and hammered out a deal. The agreement was formalized on 13 February in the final phase of the fifth round of Six Party Talks. North Korea would shut down its Yongbyon nuclear facilities and fully disclose all of its nuclear programs in exchange for a million tons of fuel oil and a US promise to release the BDA funds and begin discussions of normalization of relations between the United States and the DPRK. A sixth round of Six Party Talks commenced in March 2007, to work out some of the details, and the BDA issue was finally resolved in June when the US Federal Reserve Bank of New York received the funds from BDA, transferring them to the Russian central bank and then a North Korean account in Russia. At the time of writing, the sixth round of the Six Party Talks were scheduled to resume in Beijing in July 2007 after North Korea shuts down the reactors at its Yongbyon facility.

The Six Party Talks can only be as successful as any agreement they broker, it would seem. Despite the present optimism, there are many issues yet to resolve, such as the full disclosure of all North Korean nuclear activities, including an enrichment program the United States has long accused North Korea of having, and which North Korea has long denied having. Not everyone in Beijing is optimistic. In 2005, North Korea watcher Lin Limin said, '…to build and deploy nuclear weapons is a goal North Korea is actively pursuing, a goal it will not abandon even if it reaches the very end of its rope' ('*shan qiong shui jin*') (Lin, 2005). Yet whatever the outcome of the present agreement, China must be given credit for making the Talks happen.

Once again, the reason for China's catalyzing the Six Party Talks and its generally much more proactive stance on the North Korea issue since 2003 is that North Korea's nuclear ambitions genuinely threaten China's interests today. China has been trying to avert a full-blown conflict over North Korea by encouraging dialog between the protagonists in the North Korean nuclear dilemma by way of the Six Party Talks. This kind of multilateralism has been new for China, and it may be more than a passing fad, for many in China (and elsewhere) have called for an institutionalization of the Six Party Talks as perhaps a nascent East Asian security framework (China Institutes, 2002; Van Ness, 2005; Li, 2006). Be that as it might, China has certainly found the Six Party Talks to be an important part of its new interest calculations as it regards North Korea and East Asian security.

4 Conclusions: China's new interests and its two-pronged North Korea policy

What are China's interests in North Korea today? 'Maintaining the Korean Peninsula's peace and stability is China's basic policy'[28] because continued economic development is its most fundamental interest and its best hope for continued political stability at home. It is *not* in China's interest nor is it China's policy to allow North Korea to acquire and deploy nuclear weapons, for this could set in motion a series of events that would threaten to undermine China's most fundamental interests. So while China has not supported instances or threats of heavy-handedness in dealing with North Korea by Washington, China *is* as committed to a nuclear-free Korean Peninsula as the United States is.

So why has China increased its food aid to North Korea in the past year, why does it continue to host visits by Kim Jong-Il to China, and why has it protected the DPRK from the full brunt of a more robust UN Security Council sanction regime? The primary reason is that China does not want North Korea to collapse nor to start a war in retaliation for heavy-handed international sanctions. China is propping up the North Korean economy in a minimalist sense while pressuring Kim Jong-Il to reform his economy, so China and South Korea will not be left with the bill (in both financial and security terms) for cleaning up after a collapsed North Korean state.

Moreover, by drawing North Korea closer and making it more dependent on China by way of its aid, trade, and investments in the DPRK, China can wield greater influence over North Korea so that it will be more costly for Pyongyang to harm China's interests presently or in the future (Snyder, 2006). This fits an old East Asian cultural pattern related to the concept of '*guanxi*' [relationship, connections], wherein one does something for another with expectations of reciprocity. Helping another, then, makes 'the helped' beholden to 'the helper', to some degree entrapping 'the helped' into doing 'the helper's' bidding. This is at least part of China's intention in its recent DPRK aid.[29]

Many Americans, neo-conservatives in particular, overestimate China's support for North Korea and underestimate China's resolve to see Kim Jong-Il lay down his nuclear weapons program,[30] perhaps because they have not understood China's two-pronged approach to North Korea. China did not want North Korea launching missiles in 1998 or in 2006, nor did it want North Korea testing nuclear weapons in 2006, because China does not want

28 Cheng, 2002, p. 398, and Chinese experts, interviewed in China (2004, 2005).

29 A study of Chinese investments in North Korea reaches the same conclusion (J. Kim, 2006, p. 905).

30 See Blumenthal and Friedberg (2007), or John Tkacik in Ahearn (2006).

to see an American attack on North Korea, refugees flowing across its borders, sanctions against North Korea, economic instability, northeast Asian arms races or any of the other scenarios discussed above. If, absent any explicit provocations from the United States, North Korea is found to have continued to develop, test and/or deploy nuclear weapons, Americans can expect to see China continue to stand with the international community in holding North Korea accountable via the UN, and to continue to put the squeeze on North Korea when needed, as illustrated by its recent cutoffs of oil, capital, and food supplies to the DPRK. Where China will stand beyond this is not clear, however. The Chinese experts interviewed as a part of this research correctly predicted that China might participate at some level in sanctions if North Korea developed its nuclear capability, but they unanimously agreed that China would not support an international use of force against North Korea.

China's hope is that Kim Jong-Il will lay down his weapons programs and follow Deng Xiaoping's lead and cautiously open up and reform North Korea, for it is clear that the present situation – a North Korea that is dragging its feet on reform, milking China for vast amounts of aid, and playing a game of 'chicken' with the United States over its nuclear weapons and missile programs – is definitely not in China's interest. The Chinese believe a continuation of Kim's failed policies will lead to disaster, for North Korea and potentially for China as well. Kim has undoubtedly enacted some economic reforms,[31] yet no one is sure if he feels he can carry out the kinds of reforms China and Vietnam have carried out, because he fears most what happened to Romania's Nicolae Ceaucescu in 1989 at the hands of his disaffected people.[32] China's leaders are no strangers to such fears, but might coach Kim through some of the difficulties of reform if Kim will go more boldly down the road to real reform and lay down his nuclear weapons. A reformed, non-nuclear North Korea will be a better candidate for peace and even eventual Korean reunification than the bristling basket case North Korea represents presently. Herein lay Chinese hopes, as well as those of North Korea's neighbors and ultimately the United States, for the alternatives for any of the parties are truly unattractive.

Funding

Thanks for funding of this research are in order for Eckerd College, the Korea Foundation, the Freeman Foundation, and the Asian Studies Development Program at the East-West Center.

31 On North Korean reforms, see Lankov (2004), Moon (2004), J. Kim (2006), and Haggard and Noland (2007).

32 Ceaucescu was overthrown and publicly executed.

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